

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA**

In re: Carter's Grove, LLC

Case No. 11-30554 (TEC)

**CHAPTER 11
MONTHLY OPERATING REPORT**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 02/28/11

PETITION DATE: 02/14/11

1. Debtor in possession hereby submits this Monthly Operating Report on the Accrual Basis of accounting.

Dollars reported in \$1

2. Asset and Liability Structure

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
a. Current Assets	\$0		
b. Total Assets	\$21,156,418		\$21,156,418
c. Current Liabilities	\$0		
d. Total Liabilities	\$12,490,476		\$12,490,476

3. Statement of Cash Receipts & Disbursements for Month

	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a. Total Receipts	\$0		\$0
b. Total Disbursements	\$0		\$0
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$0	\$0	\$0
d. Cash Balance Beginning of Month	\$0		\$0
e. Cash Balance End of Month (c + d)	\$0	\$0	\$0

4. Profit/(Loss) from the Statement of Operations

	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
	N/A	N/A	N/A

5. Account Receivables (Pre and Post Petition)

	\$0		
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6. Post-Petition Liabilities

	\$0		
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7. Past Due Post-Petition Account Payables (over 30 days)

	\$0		
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At the end of this reporting month:

	<u>Yes</u>	<u>No</u>
8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
10. If the answer is yes to 8 or 9, were all such payments approved by the court?		
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)		X
12. Is the estate insured for replacement cost of assets and for general liability?	X	
13. Are a plan and disclosure statement on file?		X
14. Was there any post-petition borrowing during this reporting period?		X

15. Check if paid: Post-petition taxes N/A; U.S. Trustee Quarterly Fees Not yet due.; Check if filing is current for: Post-petition tax reporting and tax returns: Not yet due.
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 03/31/11


Responsible Individual

BALANCE SHEET
For the Month Ended 02/28/11

Assets		Check if Exemption Claimed on Schedule C	Market Value
Current Assets			
1	Cash and cash equivalents (including bank accts., CDs, etc.)		\$0
2	Accounts receivable (net)		\$0
3	Retainer(s) paid to professionals		\$0
4	Other: _____		\$0
5	_____		
6	Total Current Assets		\$0
Long Term Assets (Market Value)			
7	Real Property (residential)		\$21,000,000
8	Real property (rental or commercial)		
9	Furniture, Fixtures, and Equipment		\$149,918
10	Vehicles		\$6,500
11	Partnership interests		\$0
12	Interest in corporations		\$0
13	Stocks and bonds		\$0
14	Interests in IRA, Keogh, other retirement plans		\$0
15	Other: _____		\$0
16	_____		
17	Total Long Term Assets		\$21,156,418
18	Total Assets		\$21,156,418
Liabilities			
Post-Petition Liabilities			
Current Liabilities			
19	Post-petition not delinquent (under 30 days)		\$0
20	Post-petition delinquent other than taxes (over 30 days)		\$0
21	Post-petition delinquent taxes		\$0
22	Accrued professional fees		\$0
23	Other: _____		\$0
24	_____		
25	Total Current Liabilities		\$0
26	Long-Term Post Petition Debt		
27	Total Post-Petition Liabilities		\$0
Pre-Petition Liabilities (allowed amount)			
28	Secured claims (residence)		\$12,422,064
29	Secured claims (other)		
30	Priority unsecured claims		\$14,992
31	General unsecured claims		\$53,420
32	Total Pre-Petition Liabilities		\$12,490,476
33	Total Liabilities		\$12,490,476
Equity (Deficit)			
34	Total Equity (Deficit)		
35	Total Liabilities and Equity (Deficit)		\$12,490,476

NOTE:

The value of the real property is based off an appraisal dated 10/19/2009. The appraisal uses both the "Cost Approach" and "Comparable Sales Approach." The value of the equipment is based on the purchase price in 12/07 and subject to depreciation since the date of purchase.

SCHEDULES TO THE BALANCE SHEET

Schedule A Rental Income Information

List the Rental Information Requested Below By Properties (For Rental Properties Only)

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1 Description of Property			
2 Scheduled Gross Rents			
Less:			
3 Vacancy Factor			
4 Free Rent Incentives			
5 Other Adjustments			
6 Total Deductions	\$0	\$0	\$0
7 Scheduled Net Rents	\$0	\$0	\$0
8 Less: Rents Receivable (2)			
9 Scheduled Net Rents Collected (2)	\$0	\$0	\$0

(2) To be completed by cash basis reporters only.

Schedule B Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>
10 Bank			
11 Account No.			
12 Account Purpose			
13 Balance, End of Month			
14 Total Funds on Hand for all Accounts	\$0		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 02/28/11

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0	\$0
6	Capital Contributions	\$0	\$0
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$0	\$0
Cash Disbursements			
13	Selling	\$0	\$0
14	Administrative	\$0	\$0
15	Capital Expenditures	\$0	\$0
16	Principal Payments on Debt	\$0	\$0
17	Interest Paid	\$0	\$0
	Rent/Lease:		
18	Personal Property	\$0	\$0
19	Real Property	\$0	\$0
	Amount Paid to Owner(s)/Officer(s)		
20	Salaries	\$0	\$0
21	Draws	\$0	\$0
22	Commissions/Royalties	\$0	\$0
23	Expense Reimbursements	\$0	\$0
24	Other	\$0	\$0
25	Salaries/Commissions (less employee withholding)	\$0	\$0
26	Management Fees	\$0	\$0
	Taxes:		
27	Employee Withholding	\$0	\$0
28	Employer Payroll Taxes	\$0	\$0
29	Real Property Taxes	\$0	\$0
30	Other Taxes	\$0	\$0
31	Other Cash Outflows:	\$0	\$0
32			
33			
34			
35			
36			
37	Total Cash Disbursements:	\$0	\$0
38	Net Increase (Decrease) in Cash	\$0	\$0
39	Cash Balance, Beginning of Period		
40	Cash Balance, End of Period	\$0	\$0